

AMENDED IN ASSEMBLY AUGUST 4, 2008

AMENDED IN ASSEMBLY JUNE 2, 2008

AMENDED IN SENATE APRIL 21, 2008

**SENATE BILL**

**No. 1457**

---

**Introduced by Senator Steinberg**

**(Coauthors: Senators Alquist and Romero)**

*(Coauthors: Assembly Members Caballero, Huffman, Karnette, and Leno)*

February 21, 2008

---

An act to amend Section 69981 of the Education Code, relating to postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1457, as amended, Steinberg. Golden State Scholarshare Trust Act: CalSAVE program.

The Golden State Scholarshare Trust Act establishes the Golden State Scholarshare Trust, under the administration of the Scholarshare Investment Board, to provide financial aid for postsecondary education costs of participating students. The act, except as otherwise provided, prohibits contributions to the trust by any nonpublic entity, person, firm, partnership, or corporation that is not designated for a specified beneficiary.

This bill would create the California Scholarshare Advancement Vehicle for Education (CalSAVE) program to fund scholarships for beneficiaries to be determined by the board. The bill would create the CalSAVE account, a continuously appropriated fund within the program fund, and would authorize contributions from any person, firm, partnership, or corporation, to be deposited into the CalSAVE account

even if not designated for a specified beneficiary. The board would be required to create subaccounts within the CalSAVE account for each category of beneficiary determined to be eligible, and each donor would be able to designate that his or her contribution be deposited into any subaccount within the CalSAVE account.

Vote: majority. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 69981 of the Education Code is amended  
2 to read:
- 3     69981. (a) There is hereby created an instrumentality of the  
4 State of California to be known as the Golden State Scholarshare  
5 College Savings Trust.
- 6     (b) The purposes, powers, and duties of the Scholarshare trust  
7 are vested in, and shall be exercised by, the board.
- 8     (c) The board, in the capacity of trustee, shall have the power  
9 and authority to do all of the following:
- 10    (1) Sue and be sued.
- 11    (2) Make and enter into contracts necessary for the  
12 administration of the Scholarshare trust.
- 13    (3) Adopt a corporate seal and change and amend it from time  
14 to time.
- 15    (4) Cause moneys in the program fund to be held and invested  
16 and reinvested.
- 17    (5) Enter into agreements with any institution of higher  
18 education or any federal or other state agency or other entity as  
19 required for the effectuation of its rights and duties.
- 20    (6) Accept any grants, gifts, appropriation, and other moneys  
21 from any unit of federal, state, or local government or any other  
22 person, firm, partnership, or corporation for deposit to the  
23 administrative fund or the program fund. Except as otherwise  
24 provided in Section 69982, the board may not accept any  
25 contribution by any nonpublic entity, person, firm, partnership, or  
26 corporation that is not designated for a specified beneficiary, unless  
27 the contribution is deposited in the CalSAVE account pursuant to  
28 subdivision (d).
- 29    (7) Enter into participation agreements with participants, as set  
30 forth in Section 69983.

1 (8) Make payments to institutions of higher education pursuant  
2 to participation agreements on behalf of beneficiaries.

3 (9) Make refunds to participants upon the cancellation of  
4 participation agreements pursuant to the provisions, limitations,  
5 and restrictions set forth in this article.

6 (10) Appoint an executive director, who shall serve at the  
7 pleasure of the board, and determine the duties of the executive  
8 director and other staff as necessary and set their compensation.  
9 The board may authorize the executive director to enter into  
10 contracts on behalf of the board or conduct any business necessary  
11 for the efficient operation of the board.

12 (11) Make provisions for the payment of costs of administration  
13 and operation of the Scholarshare trust.

14 (12) Carry out the duties and obligations of the Scholarshare  
15 trust pursuant to this article and have any and all other powers as  
16 may be reasonably necessary for the effectuation of the purposes,  
17 objectives, and provisions of this article.

18 (d) (1) There is established within the Scholarshare trust the  
19 California Scholarshare Advancement Vehicle for Education  
20 (CalSAVE) program to fund scholarships for beneficiaries to be  
21 determined by the board that may include, but are not limited to,  
22 foster youth, youth in at-risk categories, individuals with  
23 demonstrated economic need, former and active members of the  
24 California National Guard, individuals seeking undergraduate or  
25 postbaccalaureate courses in disciplines in which the state faces  
26 shortages, including nursing and teaching, and other categories to  
27 be determined by the board.

28 (2) The CalSAVE account is created within the program fund  
29 and is continuously appropriated, without regard to fiscal years,  
30 to the board for the purposes of the CalSAVE program. The board  
31 shall create subaccounts within the CalSAVE account for each  
32 category of beneficiary determined pursuant to paragraph (1). The  
33 CalSAVE account shall be funded by contributions from federal;  
34 ~~state~~, or local governments, or any other person, firm, partnership,  
35 or corporation, and, ~~upon appropriation by the Legislature~~, from  
36 the administrative fund established pursuant to Section 69984.  
37 Any person contributing to the CalSAVE account may designate  
38 that his or her contribution be deposited into any subaccount within  
39 the CalSAVE account, or may contribute without any designation.  
40 The board shall apportion any undesignated funds among the

- 1 subaccounts, taking into consideration factors, including, but not
- 2 limited to, the number of eligible applications received seeking
- 3 funding from a particular subaccount.
- 4 (e) The board shall adopt regulations as it deems necessary to
- 5 implement this article consistent with the federal Internal Revenue
- 6 Code and regulations issued pursuant to that code to ensure that
- 7 this program meets all criteria for federal tax-deferral or tax-exempt
- 8 benefits, or both.